

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF DELAWARE

IN THE MATTER OF THE APPLICATION OF)
TIDEWATER UTILITIES, INC. FOR THE)
APPROVAL OF THE SEMI-ANNUAL ADJUSTMENT) DOCKET NO. 17-0330
TO THE DISTRIBUTION SYSTEM IMPROVEMENT)
CHARGE (DSIC) EFFECTIVE JULY 1, 2017)
PURSUANT TO 26 DEL. C. §314)
(FILED MAY 19, 2017))

ORDER NO. 9073

This 20th day of June 2017, the Delaware Public Service Commission (the "Commission") determines and orders the following:

WHEREAS, on May 19, 2017, Tidewater Utilities, Inc. ("Tidewater") filed an application (the "Application") and on June 5, 2017, filed a revised Application (the "Revised Application") to reset its "Distribution System Improvement Charge" ("DSIC Rate")¹ pursuant to 26 Del. C. § 314; and

WHEREAS, Tidewater seeks to reset the current DSIC Rate from 2.44%, which was approved by Commission Order No. 9004 and became effective on January 1, 2017, to 2.43%. The requested DSIC Rate is based on a net additional plant of \$551,704 placed into service between November 1, 2016 and April 30, 2017, and an associated semi-annual depreciation expense of \$2,439; and

WHEREAS, Staff's audit of PSC Docket No. 16-0656, which was Tidewater's DSIC Rate for the period July 1, 2016 - December 31, 2016,

¹ The DSIC Rate mechanism is described in greater detail in PSC Order No. 5850, dated December 11, 2001.

revealed that certain Retirement Costs relating to the replacement of meters had been understated; and

WHEREAS, after discussions with Staff, Tidewater submitted the Revised Application which included adjustments to properly account for the total Retirement Costs associated with the meter replacements from PSC Docket No. 16-0656, as well as the total over-collection reconciliation amount from the audit review of both PSC Docket Nos. 15-1576 and 16-0656; and

WHEREAS, Staff reviewed the Revised Application and determined that the requested revised DSIC Rate of 2.43% is less than a 5% increase in current rates and, therefore, satisfies the requirements of 26 Del. C. § 314(b)(7); and

WHEREAS, Staff recommends that the Commission not specifically approve the requested DSIC Rate, but rather permit the requested DSIC Rate to become effective July 1, 2017 on an interim basis subject to Staff's review, audit, and annual reconciliation based on the 12-month period ending December 31, 2017 (the "Audit"); and

WHEREAS, Staff further recommends that if the Audit reflects that the requested DSIC Rate was improperly calculated, the Commission revise the requested DSIC Rate and provide appropriate remedies for any improperly collected DSIC charges.

**NOW, THEREFORE, IT IS HEREBY ORDERED BY THE AFFIRMATIVE
VOTE OF NOT FEWER THAN THREE COMMISSIONERS:**

1. Pursuant to 26 Del. C. § 314, the requested DSIC Rate of 2.43% shall become effective July 1, 2017, on an interim basis subject to the Audit and final approval.

2. Pursuant to 26 Del. C. § 314(b)(1), Tidewater shall provide information to its customers concerning the requested DSIC Rate.

3. Pursuant to 26 Del. C. § 314(b)(8), the Commission reserves jurisdiction and authority to conduct the Audit. Tidewater is hereby notified that it may be obligated to refund or reimburse customers if the Audit reflects that the requested DSIC Rate was improperly calculated. The Commission can revise the requested DSIC Rate and provide appropriate remedies for any improperly collected DSIC charges.

4. Tidewater is hereby notified that it will be assessed the costs of this proceeding pursuant to 26 Del. C. § 114(b).

5. The Commission reserves the jurisdiction and authority to enter such further orders in this matter as may be deemed necessary or proper.

BY ORDER OF THE COMMISSION:

Chair

Commissioner

Commissioner

Commissioner

Commissioner

ATTEST:

Secretary